

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 PA-01 PRS-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05

FEAE-00 INT-05 /065 W

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P R 071345Z APR 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 4906

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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PASS TREASURY

E.O.11652: N/A

TAGS: EFIN, ECON, BR

SUBJECT: TRADE FIGURES

1. SUMMARY: THE TRADE FIGURES FOR THE FIRST TWO MONTHS
SHOW EXPORTS DOWN BY 12.7 PERCENT AND IMPORTS DOWN
3.1 PERCENT OVER THE SAME PERIOD LAST YEAR. TOTAL
EXPORTS AMOUNTED TO \$1,132 MILLION AND TOTAL IMPORTS
\$1,861 MILLION. THE TRADE DEFICIT THUS CAME TO
\$729 MILLION, AS OPPOSED TO A DEFICIT OF \$625 MILLION
DURING THE FIRST TWO MONTHS OF LAST YEAR. END
SUMMARY.

2. THE BREAKDOWN OF THE MAJOR CATEGORIES OF IMPORTS
AND EXPORTS DURING JAN/FEB 1976 ARE COMPARED BELOW
WITH JAN/FEB 1975:

JAN/FEB	JAN/FEB
1975	1976
(MILLIONS)	

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IMPORTS

CONSUMER GOODS	103	128
RAW MATERIALS	751	606
CAPITAL GOODS	568	642
CRUDE PETROLEUM	471	459
PETROLEUM DERIVATIVES	23	26
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TOTALS	1,921	1,861

EXPORTS-----

BASIC PRODUCTS, OF WHICH	783	580
SUGAR	(301)	(37)
SOYBEANS AND PRODUCTS	(67)	(157)
COFFEE (BEANS)	(132)	(159)
IRON ORE	(126)	(83)
SEMI-MANUFACTURED PRODUCTS	105	108

MANUFACTURED PRODUCTS	408	444
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TOTALS	1,296	1,132

3. VOLUME AND PRICE MOVEMENTS DURING JAN/FEB 1976

OVER JAN/FEB 1975 WERE AS FOLLOWS:

TOTAL CHANGE	DUE TO PRICE	DUE TO VOLUME
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(PERCENTAGE CHANGE)

IMPORTS

CONSUMER GOODS	18.5	5.6	12.2
RAW MATERIALS	-19.3	-9.2	-11.1
CAPITAL GOODS	13.0	17.1	-3.5
CRUDE PETROLEUM	-2.5	4.9	-7.0
PETROLEUM DERIVATIVES	13.0	75.8	-35.7
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TOTAL	-3.1	3.8	-6.7

EXPORTS

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BASIC PRODUCTS, OF WHICH	-25.9	-12.4	-15.5
SUGAR (REFINED)	(-87.8)	(-72.3)	(-56.0)
SOYBEANS	(1,275.0)	(-29.9)	(1,862.1)
SOY PRODUCTS	(61.9)	(-23.5)	(111.8)
COFFEE (BEANS)	(20.5)	(59.1)	(-24.2)
IRON ORE	(-34.1)	(21.8)	(-45.9)
SEMI-MANUFACTURED PRODUCTS	2.9	-24.6	-56.5

MANUFACTURED PRODUCTS	8.8	-5.7	-15.5
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TOTAL	-12.7	-11.5	-1.3
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3. COMMENT: ALTHOUGH THE FEBRUARY FIGURES WERE WELL BELOW OFFICIAL PROJECTIONS AND EXPECTATIONS, THEY SHOWED SOME IMPROVEMENT OVER THE VERY DISMAL JANUARY RESULTS. EXPORTS IN FEBRUARY WERE 24.0 PERCENT ABOVE JANUARY AND IMPORTS 13.0PERCENT BELOW. TO ASSURE THAT THIS TREND NOT ONLY CONTINUES BUT IN FACT ACCELERATES IN COMING MONTHS, THE GOB IS IMPLEMENTING A MORE AGGRESIVE EXPORT POLICY, PARTICULARLY FOR BASIS PRODUCTS. IN ADDITION TO AN APPARENT SPEEDING UP OF THE MINI-DEVALUATIONS (IN THE FUTURE THEY MAY BE MORE MIDI THAN MINI) THIS WEEK IT PUT INTO FORCE A TARGET-PRICE POLICY FOR EXPORTS OF SOYBEANS (SEE BRASILIA2847), A SYSTEM WHICH MAY BE EXTENDED TO OTHER AGRICULTURAL COMMODITIES. ON THE IMPORT SIDE, THE RECENT TIGHTENING OF MONETARY POLICY SHOULD PROVE A CONSIDERABLE HINDRANCE TO IMPORTS, WHICH SHOULD PUT THEM ON A DOWNWARD PATH FOR THE NEXT FEW MONTHS.

CRIMMINS

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